



DEPARTMENT OF STATE

[Public Notice 9006]

2014 Fiscal Transparency Report

AGENCY: Department of State

ACTION: Notice

SUMMARY: The Department of State hereby presents the findings from the FY 2014 fiscal transparency review process in its Fiscal Transparency Report.

This report describes the minimum requirements of fiscal transparency developed by the Department of State in consultation with other relevant federal agencies, identifies governments that are potential beneficiaries of FY 2014 foreign assistance funds, assesses those that did not meet the minimum fiscal transparency requirements, and indicates whether those governments made significant progress towards meeting the requirements.

Fiscal Transparency

Fiscal transparency is a critical element of effective public financial management, helps in building market confidence, and sets the stage for economic sustainability. Transparency also provides a window into government budgets for citizens of any country, helping them to hold their leadership accountable. The

Department of State's fiscal transparency review process assesses whether governments meet minimum requirements of fiscal transparency. The review includes an assessment of the transparency of processes for administering government contracts and licenses for natural resource extraction.

Annual reviews of the fiscal transparency of governments that receive U.S. assistance help ensure U.S. taxpayer money is used appropriately and to sustain a dialogue with governments to improve their fiscal performance, leading to greater macroeconomic stability and better development outcomes.

Section 7031(b) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014 (Div. K, Pub. L. 113-76) ("the Act") requires the Secretary to develop, for each government receiving assistance appropriated by the Act, minimum requirements of fiscal transparency, in consultation with heads of other relevant federal agencies, and to make a determination of "significant" or "no significant progress" in meeting the minimum requirements of fiscal transparency for each government that did not meet the minimum requirements. Through authority delegated from the Secretary, the Deputy Secretary of State for Management and Resources made those determinations for FY 2014.

This report describes the minimum requirements of fiscal transparency developed by the Department, identifies whether governments met the requirements, and indicates whether those governments that did not meet the

minimum requirements made significant progress toward meeting them. The report includes a description as to how those governments fell short of the minimum requirements, outlines any significant progress being made toward meeting the minimum requirements, and provides specific recommendations of short and long-term steps such governments should take to improve fiscal transparency. The report also outlines the process followed by the Department in completing the assessments and describes how funds appropriated by the FY 2014 and earlier appropriations acts are being used to support fiscal transparency.

Fiscal Transparency Review Process and Criteria

The Department reviewed its minimum requirements of fiscal transparency in consultation with other relevant federal agencies, and updated and strengthened its review criteria. In determining which governments were subject to fiscal transparency assessments and inclusion in the report, the Department identified those governments it anticipated would receive bilateral allocations of assistance appropriated by the Act based upon a review of the Congressional Budget Justification for FY 2014, and in consultation with the Department's Office of U.S.

Foreign Assistance Resources, as well as the Department's regional and functional bureaus.¹

The Department then assessed the fiscal transparency of the 140 governments identified as potential recipients of bilateral allocations of assistance from FY 2014 foreign assistance funds, determined whether the minimum requirements were met, and identified any measures those governments had implemented to make significant progress towards meeting the requirements.

In conducting the FY 2014 review, the Department assessed the fiscal transparency of governments as of January 17, 2014, the date the Act, which mandated this review, became law. In reaching a determination, the Department considered information from U.S. embassies and consulates, other U.S. government agencies, international organizations such as the IMF and multilateral development banks, and civil society organizations. U.S. diplomatic missions consulted with foreign government officials, NGOs, international organizations, and civil society to obtain information for these assessments.

Minimum Requirements of Fiscal Transparency

¹ This included governments that received government-to-government assistance and or assistance to be provided through implementing partners. Additional governments may receive assistance through regional or global programs, but the governments identified in the report represent the vast majority of foreign assistance recipients.

Subsection 7031(b)(2) of the Act provides that the minimum requirements of fiscal transparency developed by the Department are requirements “consistent with those in subsection [7031](a)(1)” and the public disclosure of:

- national budget documentation (to include receipts and expenditures by ministry), and
- government contracts and licenses for natural resource extraction (to include bidding and concession allocation practices).

The FY 2014 fiscal transparency review process evaluated whether governments receiving U.S. foreign assistance publicly disclosed budget documents including receipts and expenditures by ministry. The review process also evaluated whether the government has an independent supreme audit institution or similar institution that carries out a yearly verification of financial statements to ensure they meet internationally accepted accounting principles. The review further assessed the existence and public disclosure of criteria and procedures for awarding government contracts and licenses for natural resource extraction, including bidding and concession allocation practices. The Department applied the following criteria in assessing whether governments met the minimum requirements of fiscal transparency.

Budget information should be:

- **Substantially Complete:** Budget documents should provide a substantially full picture of a government's revenue streams, including natural resource revenues, and planned expenditures. Budget documents should include allocations to and earnings from significant state-owned enterprises. A published budget that does not include significant cash or non-cash resources, including foreign aid or the balances of special accounts or off-budget accounts, would not be considered substantially complete. Budget documents should also include expenditures to support royal families or offices where such expenditures represent a significant budgetary outlay. The review process recognizes that military and/or intelligence budgets are often not publicly available for national security reasons.
- **Reliable:** Budget documents and related data are considered reliable if they are accurate and disseminated on time. Actual receipts and expenditures should be reasonably correlated to the budget plan, and significant departures from planned receipts and expenditures should be explained in supplementary budget documents and publicly disclosed in a timely manner. Financial statements should meet internationally accepted accounting

principles. The executed budget should be audited on a regular and timely basis by an independent supreme audit institution, and the results of such audits should be made public.

- **Publicly Available:** Budget documents should be broadly available online, at government offices or libraries, on request from the ministry, or for purchase at a nominal fee at a government office. Publicly available budgets should include receipts and expenditures broken down by ministry. Information on government debt obligations should be publicly available.

Natural resource extraction contracting and licensing procedures should be:

- **Transparent:** The criteria and procedures for the contracting and licensing of natural resource exploitation should be publicly available and codified in law or regulation. Procedures used to award contracts and licenses in practice should be consistent with the country's legal requirements. The basic parameters of concessions and contracts should be made publicly available after the decision. Such information should include the geographic area covered by the contract or license, the resource being developed, the

duration of the contract, and the company to which the contract or license is awarded.

The Department recognizes the specific circumstances and practices of fiscal transparency differ among governments. The review process takes a tailored approach in evaluating governments while ensuring minimum fiscal transparency requirements are met in order to enable meaningful participation of the public in the budgeting process.

Fiscal Transparency Innovation Fund

Section 7031(b)(4) of the Act recommended that not less than \$10 million appropriated under title III of the Act be made available for programs and activities to improve budget transparency and to support civil society organizations that promote fiscal transparency. With this recommendation in mind, the Department and USAID have created the Fiscal Transparency Innovation Fund (FTIF). FTIF supports programs and activities that assist countries improve their public financial management and fiscal transparency standards, and NGOs that promote budget transparency. The Bureau of Economic and Business Affairs and USAID's Bureau for Economic Growth, Education, and the Environment (E3) solicit and award

funds in accordance with established guidelines. FY 2014 funding to be used for FTIF was notified in November, but has not been obligated or expended.

The Department utilized \$5 million in FY 2013 authorized funds to support 11 projects in the following countries: Chad, Democratic Republic of the Congo, Gabon, Guinea, Haiti, Malawi, Nicaragua, Niger, and Somalia, as well as one regional project in North Africa and one global project to benchmark public procurement systems. The projects furthered efforts by government and civil society to improve the state of fiscal transparency and public financial management practices, and improve public awareness and involvement in the expenditure of public resources. Examples of projects included \$542,000 to the Department of Treasury's Office of Technical Assistance to support improved budgetary practices in Gabon and \$200,000 to the Institute of Strategic Studies and Public Policy in Nicaragua to support civil society participation in the budget process.

The Department intends to use FY 2014 FTIF funds to support projects to enhance: (1) governments' capacity to develop and execute comprehensive, reliable, and transparent budgets; (2) citizens' visibility into state expenditure and revenue programs; and (3) citizens' ability to advocate for specific issues related to government budgets and budget processes.

Conclusions of Review Process

The Department concluded that, of the 140 governments that were potential beneficiaries of foreign assistance and were evaluated pursuant to the Act, 50 did not meet the minimum requirements of fiscal transparency. Of these, eleven governments made significant progress toward meeting the minimum requirements of fiscal transparency.

The Department assessed the following governments as meeting the minimum requirements of fiscal transparency for FY 2014: Albania, Angola, Armenia, Argentina, The Bahamas, Belize, Benin, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Cabo Verde, Chile, Colombia, Costa Rica, Cote d'Ivoire, Croatia, Czech Republic, Djibouti, Ecuador, El Salvador, Estonia, Georgia, Ghana, Greece, Guatemala, Guyana, Honduras, Hungary, India, Indonesia, Iraq, Israel, Jamaica, Jordan, Kenya, Kosovo, Kyrgyzstan, Latvia, Lesotho, Liberia, Lithuania, Macedonia, Malaysia, Mali, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Micronesia, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Namibia, Nepal, Pakistan, Palestinian Authority, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Samoa, Senegal, Serbia, Seychelles, Sierra Leone, Singapore, Slovakia, Slovenia, South Africa, Sri Lanka, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Uganda, Uruguay, Vietnam, and Zambia.

The following table lists those governments that were found not to meet the minimum requirements of fiscal transparency and identifies whether the governments made significant progress toward meeting those requirements:

Governments Assessed Pursuant to the Act as not Meeting Minimum Requirements of Fiscal Transparency for FY 2014	Significant Progress	No Significant Progress
Afghanistan		X
Algeria		X
Azerbaijan		X
Bahrain		X
Bangladesh		X
Burkina Faso		X
Burma	X	
Burundi		X
Cambodia	X	
Cameroon	X	
Central African Republic		X
Chad	X	
China		X
Comoros	X	
Congo, Democratic Republic of the	X	
Congo, Republic of the		X
Dominican Republic		X
Egypt		X
Ethiopia	X	
Fiji		X
Gabon		X
Gambia, The		X
Guinea	X	
Guinea-Bissau		X
Haiti		X
Kazakhstan		X
Laos	X	
Lebanon		X

Governments Assessed Pursuant to the Act as not Meeting Minimum Requirements of Fiscal Transparency for FY 2014	Significant Progress	No Significant Progress
Libya		X
Madagascar		X
Malawi		X
Maldives		X
Nicaragua		X
Niger	X	
Nigeria		X
Oman		X
Sao Tome and Principe	X	
Saudi Arabia		X
Somalia		X
South Sudan		X
Sudan		X
Suriname		X
Swaziland		X
Tajikistan		X
Tanzania		X
Turkmenistan		X
Ukraine		X
Uzbekistan		X
Yemen		X
Zimbabwe		X

Government by Government Assessments

This section describes areas where such governments fell short of the Department's minimum requirements of fiscal transparency, and includes specific recommendations of short and long-term steps such governments should take to improve fiscal transparency. For those countries found to have made significant

progress toward meeting the minimum requirements, the section also includes a brief description of such progress. Note that correcting previously identified deficiencies was a necessary but not sufficient condition for meeting the minimum requirements of fiscal transparency.

Afghanistan: Despite significant improvements in recent years, revenue data is still considered unreliable. Financial allocations to, and earnings from, significant state-owned enterprises need to be clearly accounted for in public documents. While laws governing the award of contracts and licenses for natural resource extraction are publicly available, improvement is needed in how well they are followed. Afghanistan's fiscal transparency would be enhanced if the supreme audit institution were to audit the budget, including all line ministries.

Algeria: Algeria's published budget does not include information on receipts, expenditures, and balances of special treasury accounts, a persistent weakness for fiscal transparency in Algeria. Algeria's fiscal transparency would be enhanced by disclosing such financial flows as part of the published budget. In addition, budget reliability would be improved with an annual verification of revenues and expenditures by an independent supreme audit institution that can certify such financial statements meet internationally accepted accounting principles.

Azerbaijan: While Azerbaijan has taken steps to ensure revenues from resource extraction are generally transparent, the government's criteria for awarding licenses for natural resources extraction are not made public. Outside the area of natural resource extraction, there is little publicly available information about the financial relationships between significant state-owned enterprises and the government. Azerbaijan's fiscal transparency would be enhanced by making public the criteria for awarding licenses for natural resource extraction, and publishing information on the relationships between state-owned enterprises and the government.

Bahrain: Bahrain does not disclose the expenditures of the royal family in its publicly available budget. Bahrain's fiscal transparency would be enhanced by publicly disclosing royal family expenditures in its budget.

Bangladesh: While the independence of Bangladesh's supreme audit institution is enshrined in the constitution, the supreme audit institution has not produced and made publicly available timely and comprehensive year-end evaluations of the government's accounts. This deficiency diminishes the reliability of the budget and accountability to the public. Bangladesh's fiscal transparency would be

enhanced by working to ensure the supreme audit institution annually audits the central government budget and makes its findings publicly available.

Burkina Faso: While budget documents are available to the public and summaries are published online, financial allocations to significant state-owned enterprises are not reflected in budget documents. Burkina Faso's fiscal transparency would be enhanced by using the opportunity provided by the formation of a new government to make further progress and improve budget documents to more fully include allocations to and earnings from state-owned enterprises.

Burma: Burma does not yet have comprehensive and institutionalized procedures for budget execution, monitoring, and reporting, which has caused official fiscal data to be incomplete. Also, the supreme audit institution did not publish annual audits to verify revenues and expenditures. Nonetheless, Burma has made significant progress in improving fiscal transparency in recent years. This progress includes increasingly robust participation by parliament in the budget drafting process and several high-profile tenders that have been lauded for their fairness and transparency. These tenders follow the issuance by the president's office of a directive in April 2013 providing government ministries with standardized guidelines on conducting and awarding public tenders. Burma's fiscal

transparency would be enhanced by putting in place clear and comprehensive procedures for budget management, monitoring and reporting, and conducting and making public annual audits of budget execution.

Burundi: While expenditures are broken down by ministry and are included in the publicly available budget, budget documents do not provide reliable information about revenues. Basic data regarding contracts for natural resource extraction is legally available to any interested party, however, the Ministry of Mines and Energy does not consistently honor requests for information, and it is not clear whether Burundi follows its law and regulations for natural resource contracts. Burundi's fiscal transparency would be enhanced by providing a full and reliable accounting of all of its revenues and expenditures in its budgetary documents, making public basic data regarding contracts for natural resource extraction, and improving transparency regarding procedures in granting licenses for natural resource extraction.

Cambodia: While Cambodia publishes a reasonably detailed budget, shortcomings in fiscal transparency constrain public participation in the budget process. Furthermore, the supreme audit institution has failed to publish timely annual audit reports. Cambodia has made significant progress in fiscal transparency during the

past few years, in part by making the budget more comprehensive and accessible. The Ministry of Economy and Finance produced a Budget in Brief and made it available online. Cambodia's fiscal transparency would be further enhanced by continuing to ensure all government revenues are reflected in the budget and conducting and making public timely annual audits of the government's budget execution.

Cameroon: Cameroon's budget does not provide data on all significant government expenditures, most notably state subsidies and allocations to significant state-owned enterprises. In addition, the country's supreme audit institution is not sufficiently independent. Cameroon made significant progress in 2013 on budget execution by establishing budget execution follow-up committees at national, regional, divisional, and local council levels, with participation by civil society groups. Cameroon's fiscal transparency would be enhanced if the central government budget provided transparency regarding all major government expenditures and the head of the supreme audit institution were not subject to executive authority or influence.

Central African Republic: Following the seizure of power by the Seleka rebel alliance on March 24, 2013, and continuing through the review period, the

government was unable to carry out normal functions because of the security situation and political crisis. When made possible by circumstances, the Central African Republic's fiscal transparency would be enhanced by drafting a budget and following normal budgeting procedures.

Chad: While budget information is publicly available, the high degree of extra-budgetary spending indicates the budget is not substantially complete. Chad made significant progress in developing transparency regulations and governance standards, moving forward on conducting a post-execution review of the budget, and strengthening public financial management by working on limiting extra-budgetary expenditures. The government also created a website publishing budget and public financial information. Chad's fiscal transparency would be enhanced by improving its budgetary process and reducing extra-budgetary spending by implementing the 2014 Organic Finance Law reforms and ensuring ministry-level budget staff are appointed and trained to increase public financial management capacity across the government.

China: While China publishes annual budget documents, the government does not disclose all financial allocations to and earnings from numerous significant

state-owned enterprises. Also, although the supreme audit institution audits all national government entities, including ministries and state-owned enterprises, it cannot be considered an independent agency, as it directly reports to China's State Council and is one of 25 ministries and commissions under the State Council's direct supervision. China's fiscal transparency would be enhanced by explicitly detailing financial allocations to and earnings from state-owned enterprises and taking steps to increase the independence of the supreme audit institution.

Comoros: Comoros' budget includes relevant revenues and expenditures, including allocations to and earnings from significant state-owned enterprises and natural resource extraction; however, budgets are not always followed, and may be changed with little to no legislative oversight. Budget documents are not readily available to the public. Technical assistance on budget execution from the IMF is ongoing, and Comoros has made significant progress in improving budget execution. Comoros' fiscal transparency would be enhanced by improving budget execution and oversight and making provisions for budget documents to be publicly available.

Congo, Democratic Republic of the (DRC): Despite a public and open process for preparation, dissemination, and parliamentary debate of the budget, receipts and

expenditures, broken down by ministry, are not substantially complete and reliable.

The budget does not accurately reflect revenues from extractive industries. The criteria for awarding extractive contracts have not been codified. The country's supreme audit institution is not sufficiently independent, is insufficiently funded and trained, and does not conduct yearly comprehensive audits of spending.

Significant progress has been made to improve the process by which salaries are paid to increase transparency and effectiveness in this area of budget execution.

The DRC made significant progress in natural resource transparency with the publishing of information on existing natural resource contracts. The DRC's fiscal transparency would be enhanced by increasing the capacity and independence of the supreme audit institution, increasing transparency regarding the process and outcomes for awarding natural resource concessions, contracts, and licenses, and providing complete and reliable accounting of receipts and expenditures.

Congo, Republic of the: The Republic of the Congo's budget includes significant gaps, relating both to petroleum revenues and to government expenditures. Debt obligations are not fully disclosed, and audits are not conducted in a timely manner. The Republic of the Congo's fiscal transparency would be enhanced by improving the completeness and reliability of its budget reporting, including disclosing sovereign debt obligations, and conducting audits in a timely manner.

Dominican Republic: The Dominican Republic's budget lacks detail for large portions of spending by the Office of the Presidency, which accounts for nine percent of central government expenditure. Autonomous and decentralized institutions, and even some ministries, do not fully report revenue and expenditures during budget implementation, but only at the end of the accounting year. The Dominican Republic's fiscal transparency would be enhanced by taking additional steps to improve the completeness and timeliness of its budget, particularly for the Office of the Presidency.

Egypt: Egypt's published budget does not disclose income and expenditures information for significant state-owned enterprises or presidential expenses. The process for awarding natural resource revenue contracts and the basic terms of natural resource concessions are also not publicly disclosed. Egypt's fiscal transparency would be enhanced by implementing reporting of state-owned enterprise finances and making public the process for awarding natural resource contracts and licenses and the basic terms of those contracts, such as to whom licenses have been awarded, covering which resources, and for what length of time.

Ethiopia: While Ethiopia's budget documents are publicly available, they are not yet substantially complete due to the lack of information on the fiscal impact of significant state-owned enterprises. Additionally, the government's general processes for awarding natural resource concessions, contracts, and licenses are opaque. Ethiopia made significant progress in improving state-owned enterprise financial reporting during the review period by increasing in practice the oversight role played by the legislature in state-owned enterprise management and standardizing its contract award process. Ethiopia's fiscal transparency would be enhanced by including allocations to and earnings from state-owned enterprises in its budget and financial statements in both consolidated and stand-alone forms, providing disclosures of natural resource information in its budget, and providing more information to the public about the process and outcomes for awarding governmental contracts, licenses, and natural resource concessions.

Fiji: During the review period, Fiji's publicly available budget documents did not provide a substantially full picture of the country's revenues and expenditures because of the lack of explanatory narratives. In addition, Fiji's failure to release the Auditor General's Report since 2008 undermined the public's ability to effectively monitor the budgetary process and negatively impacted the budget's reliability. Fiji's fiscal transparency would be enhanced by making public annual

audit reports, along with comprehensive budgetary documents, including budget narratives.

Gabon: Gabon's budget reliability is lacking. The supreme audit institution has been unable to complete verification of annual revenues and expenditures on a timely basis because of a lack of information from the government. The public does not have sufficient information about the budget. As of the close of the review period, Gabon has yet to make a complete 2014 budget publicly available. In addition, Gabon lacks transparency and reliability in government contracting and project financing. Gabon's fiscal transparency would be enhanced by ensuring timely publication of the supreme audit institution's yearly verification of the annual financial statement.

Gambia, The: The Gambia does not include earnings from and allocations to significant state-owned enterprises in the general budget documents, although this information is available to the National Assembly after the fact. Additionally, the requirements for awarding natural resource exploration rights are not publicly available, and information on contracts or awards, including the identity of the party holding the rights, is not made available to the public. The Gambia's fiscal transparency would be enhanced by increasing transparency on how natural

resources contracts are reviewed and what has been awarded, as well as increasing transparency regarding revenues from and allocations to state-owned enterprises.

Guinea: Guinea does not make the budget accessible to the general public. The government also lacks a supreme audit institution. Guinea has not made the criteria for natural resource licensing tenders public and the budget does not provide information on revenues from significant state-owned enterprises, including those from natural resources. However, the government has made significant progress in making natural resource revenues transparent by making basic information on all current mining concessions public. Guinea's fiscal transparency would be enhanced by creating an independent supreme audit institution, making the budget publicly accessible, making public the criteria for natural resource licensing tenders, and providing a comprehensive and reliable accounting of all revenues.

Guinea-Bissau: Guinea-Bissau's budget process was not reliable during the review period, as a large amount of unbudgeted expenditure occurred, and fiscal controls were insufficient. The new government of Guinea-Bissau's fiscal transparency would be enhanced by using this window of opportunity to implement comprehensive public financial management reforms.

Haiti: Although Haiti's budget is publicly available, the country's process for granting natural resource contracts lacks transparency and information on natural resources contracts is not published. Haiti's budget process does not consistently follow the country's established timetable and does not include earnings from significant state-owned enterprises. Haiti's fiscal transparency would be enhanced by improving the transparency of its system governing natural resource contracts, more closely following its budget timetable, and improving reporting for state-owned enterprises.

Kazakhstan: While the budget is publicly available, information on allocations to and revenues from significant state-owned enterprises is not included. Estimated to produce approximately 40 percent of GDP, state-owned enterprises are believed to account for a sizeable portion of the government's allocations and revenues. Kazakhstan's fiscal transparency would be enhanced by including allocations to and revenue from state-owned enterprises in its budget.

Laos: While Laos' budget is publicly available, some key budget documents were not published in a timely fashion. One quarter of government spending occurred outside of the National Assembly's authorized budget. Limited budgetary

information was publicly available on state-owned enterprise finances and the process used to award natural resource contracts is generally not transparent or accessible by the public. The government made significant progress in strengthening the role of the supreme audit institution. Laos' fiscal transparency would be enhanced by publishing key budget documents in a timely manner, ensuring government spending is subject to parliamentary oversight, capturing allocations to and earnings from state-owned enterprises in the budget, and improving transparency and legal frameworks regarding the process for awarding natural resource concessions.

Lebanon: Lebanon does not disclose financing or assistance in-kind received from foreign sources in its budget. Lebanon's budget also does not include transfers to or earnings from significant state-owned enterprises. Lebanon's budget data remain unreliable and its budgets are not subject to annual comprehensive audits. Lebanon's fiscal transparency would be enhanced by reporting all foreign financing and assistance and including detailed information for state-owned enterprises, public institutions, and all ministries in its budget. Lebanon's fiscal transparency would further be enhanced by establishing annual audits of its budget execution by an independent supreme audit institution.

Libya: Libya's national budget does not include expenditures managed by the Ministry of Planning, and there is no verification by an independent supreme audit institution that annual receipts and expenditures meet internationally accepted accounting principles. Libya's fiscal transparency would be enhanced by including all expenditures in the annual budget approved by Libya's parliament and ensuring financial statements are verified by an independent supreme audit institution.

Madagascar: The former government of Madagascar did not follow procedures outlined under domestic law for making awards of extractive industry contracts, nor did the former government publish results in a consistent manner.

Additionally, budget documents under the former government did not match actual spending, and follow-up reporting of actual receipts and expenditures was inconsistent and inadequate. Madagascar's supreme audit institution has not published a report since 2006. Madagascar's fiscal transparency would be enhanced by improving its extractives contracting procedures and providing information on outcomes to the public. Madagascar's fiscal transparency would be further enhanced by improving budgeting processes.

Malawi: While Malawi's budget documents are substantially complete, the supreme audit institution lacks full independence and a clear reporting structure.

Revenue from state-owned enterprises and natural resources is included in the budget. However, the government's procedures for awarding contracts and licenses for natural resource extraction are not regularly publicly available, and, once awarded, the basic information of such contracts and licenses is not routinely made available to the public. As Malawi develops its emerging extractive industry sector, it needs to improve transparency with regard to contracts and licenses. Malawi's fiscal transparency would be enhanced by addressing potential inconsistencies between its Constitution and the relevant statutory law regarding the supreme audit institution's reporting structure.

Maldives: While Maldives' budget is publicly available and provides a substantially complete picture of the country's revenue and expenditures, the figures are not always reliable. The independent supreme audit institution does not conduct and make public year-end audits of the central government budget. Maldives' fiscal transparency would be enhanced by continuing to improve its public financial management. Maldives' fiscal transparency would be further enhanced if the supreme audit institution were to conduct and make publicly available year-end audits of the central government budget.

Nicaragua: Nicaragua's budget does not provide information on substantial financial support provided to the government by Venezuela. The reporting on allocations to and earnings from significant state-owned enterprises also lacks detail. Nicaragua's fiscal transparency would be enhanced by fully reporting off-budget support provided to the government and improving reporting on allocations to and earnings from state-owned enterprises.

Niger: Niger's central budget is not substantially complete because it does not reflect earnings of significant state-owned enterprises or revenues and debt associated with oil production. The government made significant progress in 2013 with the first release of oil revenue numbers and the first audit of the oil industry. Niger's fiscal transparency would be enhanced by ensuring the budget includes all revenue and expenditures, including natural resources.

Nigeria: While Nigeria's budgetary process meets and in many ways exceeds many elements of the Department's minimum requirements in budgetary areas, Nigeria does not meet the Department's overall minimum requirements due to concerns in the natural resources sector. While the criteria for awarding natural resource extraction concessions is made public, actual practices are opaque and do not appear to always conform to the criteria. Significant off-budget spending on

fuel subsidies is also of concern. Additionally, while the Finance Ministry publishes aggregate revenues, lack of transparency in the revenues and expenditures of Nigeria's flagship oil and gas sector state-owned enterprise, the Nigerian National Petroleum Corporation (NNPC), impedes Nigeria's overall fiscal transparency. Nigeria's fiscal transparency would be enhanced by conducting a full audit, to international standards, of NNPC. The Petroleum Industry Bill, once implemented, could partially address the transparency concerns in the oil and gas sector. Nigeria's fiscal transparency would be further enhanced by moving off-budget spending on budget.

Oman: Oman does not disclose the expenditures of the royal family in its publicly available budget. Oman's fiscal transparency would be enhanced by publicly disclosing royal family expenditures in its budget.

Sao Tome and Principe: While Sao Tome and Principe's budget can be considered substantially complete, its budget documents do not currently comply with internationally accepted accounting principles. Sao Tome and Principe publishes periodic reports throughout the year evaluating the budget execution, though it does not publish an end-of-year report. While Sao Tome and Principe was not assessed in previous reports, the government has made significant progress on

fiscal transparency, including passing legislation in recent years requiring all payments to government agencies over five dollars to be made directly at the Central Bank and all salary payments to civil servants be paid directly to employees' bank accounts. Sao Tome and Principe's fiscal transparency would be enhanced by adopting internationally accepted accounting principles for public financial documents and producing and making public an annual report on overall budget execution.

Saudi Arabia: Saudi Arabia does not publish a detailed annual budget that discloses revenues and expenditures broken down by ministry. While Saudi Arabia discloses the contribution of natural resource revenues to the budget in an annual IMF report, it does not publish such data in its publicly available budget, nor does it disclose the expenditures of the royal family in the publicly available budget. Saudi Arabia's fiscal transparency would be enhanced by publishing such a budget. Saudi Arabia's fiscal transparency would be further enhanced if the supreme audit institution were to publish an annual verification that revenues and expenditures were carried out in accordance with internationally accepted accounting principles.

Somalia: Partly due to a severe lack of institutional capacity and funds, Somalia does not have an effective public financial management system. Ministries do not follow budget procedures. Somalia does not have an effective, functioning, independent supreme audit institution. The government does not make basic information about the results of concessions or natural resource contracts available. Somalia's fiscal transparency would be enhanced by implementing comprehensive public financial management reforms.

South Sudan: South Sudan's budget execution is unreliable, with some ministries overspending while others spend less than allocated. Fiscal activities are not subject to effective internal oversight and safeguards, and the supreme audit institution has not published a report on the budget in several years. Additionally, while the 2012 Petroleum Act requires the government to make information on tenders, licensing, and petroleum agreements publicly available, it is not clear those requirements have been carried out in practice. South Sudan's fiscal transparency would be enhanced by implementing comprehensive public financial management reforms and making available information on tenders, licensing, and petroleum agreements.

Sudan: Publicly available budget documents do not provide a full picture of Sudan's revenues and expenditures, including natural resource revenues. There are no procedures in place allowing for parliamentary review of the allocations to and earnings from significant state-owned enterprises, particularly those operated by the security services. Sudan's fiscal transparency would be enhanced by providing a full accounting of the allocations to and earnings from state-owned enterprises and allowing for legislative oversight of expenditures of the security services.

Suriname: Suriname does not fully report on the financial performance of some significant state-owned enterprise and related government transfers. The executive branch often fails to provide Suriname's supreme audit institution with sufficient information to conduct thorough oversight. The government does not disclose information about how it awards natural resource contracts and licenses, nor does it disclose basic information on awards granted. Suriname's fiscal transparency would be enhanced by improving the transparency and reporting of natural resource contracts, providing more robust reporting for state-owned enterprises, and strengthening its auditing function.

Swaziland: Swaziland's budget lacks transparency with regard to allocations to and earnings from significant state-owned enterprises and with regard to natural

resource revenues. Additionally, Swaziland does not have a functioning, independent supreme audit institution, and there are concerns about off-budget spending. Swaziland's fiscal transparency would be enhanced by ensuring that all revenues and expenditures are reflected in the budget, including natural resource revenues and allocations to, or earnings from, state-owned enterprises.

Tajikistan: Tajikistan's budget is not substantially complete, and revenues and expenditures are not broken down by ministry. Tajikistan's fiscal transparency would be enhanced by publishing a detailed budget, carrying out audits of yearly expenditures by an independent supreme audit institution, and engaging the public in the budget process.

Tanzania: Tanzania has used pension funds to support off-budget projects through loans that have at times not been included in the country's debt obligations. In addition, Tanzania's procedures for awarding contracts and licenses for natural resource extraction are not clear. Tanzania's fiscal transparency would be enhanced by clearly publicizing and following procedures for awarding contracts and licenses for natural resource extraction and by including all governmental expenditures and debt obligations in the budget.

Turkmenistan: The budget is not substantially complete, nor does it provide a breakdown of revenue and expenditures by individual ministry. No information on allocations from the budget to significant state-owned enterprises is disclosed.

Turkmenistan's fiscal transparency would be enhanced by making this information publicly available. Turkmenistan's fiscal transparency would be further enhanced by disclosing proceeds from the sale of oil and natural gas, which constitute the majority of the government's revenues, and making public the process for awarding government contracts and licenses for natural resources.

Ukraine: While Ukraine's national budget and budget execution reports are readily available to the public, the former government of Ukraine did not include quasi-fiscal activities in the energy sector in the state budget. The audit agency was not permitted to review government revenues or the financials of significant state-owned enterprises. Criteria for natural resource tenders, aside from production sharing agreements for oil and gas, were not made public. Ukraine's fiscal transparency would be enhanced by including quasi-fiscal energy sector activities in the budget, allowing the audit agency to review revenues of the government and the financials of state-owned enterprises, and making public the criteria for all natural resource tenders.

Uzbekistan: The budget process is not transparent, as budget discussions in the legislative branch are not open to the public. Only a general overview of the budget is publicly available; a breakdown of revenues and expenditures by ministry is not disclosed. Information on revenue from the extraction and sale of natural resources is not available to the public. While criteria for awarding natural resource contracts are publicly available, the process of awarding contracts in practice is not transparent. Uzbekistan's fiscal transparency would be enhanced by making the budget publicly available. Uzbekistan's fiscal transparency would be further enhanced by providing information on revenue from the extraction and sale of natural resources and ensuring the process of awarding contracts is transparent.

Yemen: Yemen's annual budget lacks sufficient information regarding allocations to and revenue from significant state-owned enterprises. The supreme audit institution does not publish its annual verifications that statements of revenues and expenditures meet internationally accepted accounting principles. Yemen's fiscal transparency would be enhanced by providing sufficient detail in the section of the budget devoted to state-owned enterprises. Yemen's fiscal transparency would be further enhanced if the supreme audit institution were to make such audits public each year.

Zimbabwe: Zimbabwe's budget lacks transparency with regard to financial flows to and from significant state-owned enterprises and with regard to natural resource revenues, including mining contracts. Zimbabwe's fiscal transparency would be enhanced by improving transparency in its budget management, including greater transparency on the country's debts, and including a substantially complete picture of natural resource revenues in the budget. Zimbabwe's fiscal transparency would be further enhanced by making public the criteria and process for awarding natural resource contracts and licenses and the basic terms of those contracts, such as to whom licenses have been awarded, which resources are covered, and the length of the contract or license.

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Heather Higginbottom
Deputy Secretary of State for Management
and Resources, Department of State

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